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C O N F I D E N T I A L RANGOON 001248

SIPDIS

STATE FOR EAP/MLS; PACOM FOR FPA

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TAGS: [ECON](#) [ETRD](#) [PREL](#) [PGOV](#) [EFIN](#) [BM](#) [CM](#)

SUBJECT: BURMA AND CHINA MAKE ECONOMIC DEALS AT NANNING EXPO

REF: A. RANGOON 1073

[1](#)B. 2004 RANGOON 1014

Classified By: Econoff TLManlowe for Reasons 1.4 (b,d)

[1](#)1. (C) Summary: At the second China-ASEAN Business and Investment Summit and Expo in Nanning on October 18-20, 2005, the governments of Burma and China signed a framework agreement for a concessional 1 billion yuan (\$124 million) loan to finance a fertilizer plant near Rangoon. The Myanmar Chamber of Commerce and Industry reportedly signed over \$140 million in sales contracts with Chinese traders at the same event. The summit highlighted China's increasing trade with Burma, and the loan agreement further strengthened China's financial support of Burma's economy. End summary.

[1](#)2. (SBU) Prime Minister General Soe Win led the Burmese delegation to the second annual China-ASEAN Business and Investment Summit and Expo on October 18-20 in Nanning, in Guangxi Zhuang Autonomous Region. At the Expo, Burma's Economic Minister U Soe Tha and Chinese Commerce Minister Bo Xilai signed a framework agreement for a one billion yuan (\$124 million) concessional loan. The Export-Import Bank of China will provide the 15-year funds at 2% interest for a fertilizer factory located near Rangoon.

At The Summit: PM Highlights Bilateral Trade

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[1](#)3. (U) Prime Minister General Soe Win was one of the highest ranking officials at the event, which also included the Lao Vice President and the Thai Deputy Prime Minister. In his opening speech, the PM noted that China is now Burma's second largest trading partner after Thailand, accounting for almost 14% of Burma's exports (Note: The GOB Central Statistics Organization says it is really about 10%. End note). Over 25% of Burma's imports come from China. Soe Win expressed confidence that Burma and China will reach their goal of \$1.5 billion in bilateral trade this year. Observing that Burma's hydroelectric, oil and gas sectors are the most attractive for Chinese investment, the PM expressed hopes that manufacturing will also interest Chinese investors. The PM noted successful bilateral efforts to normalize border trade between the two nations (Ref A).

At the Expo: Burma Gets Export Orders

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[1](#)3. (U) The Burmese delegation included over 100 business reps, who reportedly signed over \$140 million in sales contracts with Chinese traders. According to the Myanmar Chamber of Commerce and Industry (MCCI), agreements were made primarily for the export of Burmese gems and jewelry, seafood and agricultural products. The MCCI also signed a MOU on cooperation with the China General Chamber of Industry and Commerce. The team of 28 Burmese companies won the "Best Exhibition Award" at the Expo.

[1](#)4. (C) Comment: That Prime Minister General Soe Win led the delegation underscores the importance of Burma-China economic relations, to Burma, at least. Former PM Khin Nyunt also focused heavily on economic deal making during his frequent trips to China (Ref B). The PM's statements reflected the GOB's continuing efforts to raise revenue from increased trade and investment from China and from border trade "normalization." The PM's attendance at the expo also gave him an opportunity to see how far Burma lags behind its neighbors: in his public statements, he noted (certainly with some envy) Guangxi's significant economic development over the past year. End comment.

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